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FM AMEMBASSY JAKARTA
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INFO ASEAN COLLECTIVE
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C O N F I D E N T I A L SECTION 01 OF 03 JAKARTA 004285

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SUBJECT: AMBASSADOR CALLS ON JUSUF KALLA

¶1. (U) CLASSIFIED BY POLITICAL OFFICER ANDREW T. HINTZ FOR REASON 1.5 B, D.

¶2. (C) SUMMARY: THE AMBASSADOR TOLD PEOPLES' WELFARE COORDINATING MINISTER YUSUF KALLA ON NOVEMBER 30 THAT THE U.S. WANTS TO HELP INDONESIA SOLVE SEPARATIST AND OTHER CHALLENGES. KALLA SAID RECENTLY PASSED AUTONOMY LAWS WOULD ADDRESS MOST SEPARATIST DEMANDS, BUT THAT INGRAINED DISTRUST WOULD BE HARD TO OVERCOME. THE AMBASSADOR PRESSED KALLA ON COMBATING EXTREMIST GROUPS LIKE LASKAR JIHAD (LJ). KALLA SAID THAT LJ WAS NOT ENTIRELY TO BLAME FOR RELIGIOUS CONFLICTS; HE SAID THE GOI HAD FORMED A MULTI-SERVICE JOINT BATTALION TO QUELL FIGHTING IN THE MOLUCCAS. KALLA SAID TO FIGHT POVERTY THE GOI SHOULD FOCUS ON WEALTH DISPARITY, WHILE CHANNELING FOREIGN INVESTMENT TOWARD PRIVATIZATION OF STATE-OWNED ENTERPRISES. KALLA SAID THE GOI SUPPORTS THE WAR ON TERRORISM, AND THAT HE PERSONALLY HAD DEFLECTED CRITICISM OF THE US-LED MILITARY CAMPAIGN IN AFGHANISTAN. KALLA IS A THOUGHTFUL INTERLOCUTOR, BUT HIS COMMENTS BETRAYED A RELUCTANCE (COMMON AMONG INDONESIAN OFFICIALS) TO ADDRESS ACCOUNTABILITY ISSUES IN RESOLVING SEPARATIST AND SECTARIAN CONFLICTS. END SUMMARY.

US SUPPORT FOR INDONESIA AFFIRMED

¶3. (C) DURING HIS NOVEMBER 30 INTRODUCTORY CALL ON PEOPLE'S WELFARE COORDINATING MINISTER YUSUF KALLA, THE AMBASSADOR STRESSED US SUPPORT FOR INDONESIA'S NATIONAL INTEGRITY. THE AMBASSADOR NOTED THAT THE USG HAS CONSISTENTLY CONVEYED ITS SUPPORT FOR A UNITED INDONESIA TO SEPARATIST GROUPS LIKE THE FREE ACEH MOVEMENT (GAM). THE AMBASSADOR OPINED, HOWEVER, THAT THE PEACE PROCESS IN WEST PAPUA IS MUCH FURTHER ALONG THAN IN ACEH. HE NOTED THAT THE REGIONAL AUTONOMY LEGISLATION FOR PAPUA WAS FAR MORE INCLUSIVE THAN THAT FOR ACEH THANKS TO THE PAPUAN PUBLIC'S BROADER INPUTS IN THE DRAFTING PROCESS. THE AMBASSADOR OBSERVED THAT, IN ACEH, GAM HAD DRIVEN THE DEBATE EVEN THOUGH GAM DOES NOT FULLY REPRESENT THE ACHENESE PEOPLE.

¶4. (C) THE AMBASSADOR ALSO STRESSED THAT, WHILE UNWILLING TO BECOME DIRECTLY INVOLVED IN MEDIATING SEPARATIST CONFLICTS LIKE ACEH, THE U.S. IS KEEN TO HELP INDONESIA RESOLVE SUCH ISSUES PEACEFULLY. THE AMBASSADOR ADDED HE WAS TROUBLED BY REPORTS THAT THE GOI WAS POISED TO PURSUE A MILITARY SOLUTION IN ACEH, WHERE INDONESIA WAS SAID TO BE DEPLOYING SEVERAL EXTRA BATTALIONS OF TROOPS. HE ADVISED KALLA THAT THE POLICE, AND NOT THE ARMED FORCES (TNI), SHOULD HAVE THE LEAD IN RESTORING ORDER IN THE PROVINCE, AND NOTED THAT THE US COULD HELP STRENGTHEN POLICE CAPABILITIES THROUGH ITS LAW ENFORCEMENT ASSISTANCE PROGRAMS.

KALLA SEES SALVATION IN LEGISLATION

¶5. (C) WHILE ADMITTING THAT INDONESIAN NATIONAL UNITY IS THREATENED BY SIGNIFICANT CENTRIFUGAL FORCES, KALLA SAID THAT VARIOUS REGIONAL AUTONOMY BILLS NOW BEFORE PARLIAMENT WOULD ADDRESS MOST SEPARATIST DEMANDS. HE ADDED THAT THIS WAS PARTICULARLY TRUE FOR ACEH, WHERE HE CLAIMED THE DRAFT LAW ACCOUNTED FOR ALL SALIENT ISSUES, INCLUDING REVENUE SHARING

AND IMPOSITION OF ISLAMIC (SYARIAH) LAW (HE NOTED, HOWEVER, THERE STILL IS NO CLEAR DEFINITION OF THE LATTER). KALLA NEVERTHELESS CONCEDED THAT, IN THE CASE OF ACEH, A NEGOTIATED SETTLEMENT MIGHT BE STYMIED BY AN ACUTE LACK OF TRUST ON BOTH SIDES. HE OPINED THAT THIS WOULD BE NO LESS TRUE OF THE POLICE, WHOSE HARDLINE MINDSET, HE BELIEVED, WOULD TAKE CONSIDERABLE TIME TO CHANGE.

16. (C) AGREEING WITH THE AMBASSADOR'S VIEW THAT GAM DOES NOT TRULY REPRESENT THE ACEHNESE PEOPLE, KALLA DESCRIBED MANY OF GAM'S MEMBERS AS RADICALIZED WAR-ORPHANS WHO HAVE TURNED TO BANDITRY UNDER THE GAM BANNER. KALLA SAID THAT, BY CONTRAST, THE PAPUANS ARE NOT COMMITTED TO ARMED STRUGGLE, BEING LESS EDUCATED AND ENJOYING A RELATIVELY EASY LIFESTYLE. HOWEVER, HE DISMISSED REPORTS OF AN INCREASE IN TNI DEPLOYMENTS TO ACEH AS "DISINFORMATION," NOTING THAT, GIVEN DEPLOYMENTS ELSEWHERE, THE FIGURES OFTEN CITED WERE IN EXCESS OF THE TOTAL NUMBER OF BATTALIONS FIELDIED BY TNI.

IDPS AND LASKER JIHAD

17. (C) IN RESPONSE TO THE AMBASSADOR'S QUERY ON THE GOI'S PLANS FOR HANDLING THE CHALLENGE POSED BY INDONESIA'S 1.3 MILLION INTERNALLY DISPLACED PERSONS (IDPS), KALLA NOTED THAT IDPS RESULTED OF THREE TYPES OF REGIONAL CONFLICT: ETHNIC, RELIGIOUS, AND POLITICAL. THE MINISTER SAID THAT, WHILE ALL WERE DIFFICULT TO RESOLVE, RELIGIOUS CONFLICTS POSED THE GREATEST PROBLEMS BECAUSE THEY GENERALLY OFFERED LITTLE COMMON GROUND FOR COOPERATION AND RECONCILIATION. HE NOTED THAT THE PROBLEM OFTEN WAS EXACERBATED BY ETHNIC AND ECONOMIC FACTORS, AND CITED THE MOLUCCAS AS AN EXAMPLE. KALLA SAID THAT THE LOCAL MERCHANT CLASS WAS DOMINATED BY BUGINESE OR BUTONESE MUSLIM IMMIGRANTS, WHILE MOST LOCAL CHRISTIANS HAVE TRADITIONALLY OPTED FOR LESS LUCRATIVE CALLINGS AS PLANTATION LABOR OR IN THE BUREAUCRACY. HE CLAIMED THE GOI WAS NEVERTHELESS PREPARED TO TAKE FIRM STEPS TO QUELL THE VIOLENCE IN THE MALUKUS, NOTING THAT A MULTI-SERVICE "JOINT BATTALION" HAD BEEN SPECIALLY FORMED BY TNI FOR THE TASK. HE CONCEDED, HOWEVER, THAT LITTLE TRUST REMAINED BETWEEN THE COMMUNITIES, AND THAT DIVISIONS WOULD PERSIST INDEFINITELY.

18. (C) WHEN QUERIED BY THE AMBASSADOR ON LASKAR JIHAD'S ROLE IN PROLONGING THE VIOLENCE AND GOI STEPS TO REIN IN SUCH GROUPS, KALLA REJOINED THAT GROUP WAS NOT ENTIRELY TO BLAME. A BUGINESE MUSLIM HIMSELF, THE MINISTER CONTENDED THAT CHRISTIAN MILITANTS FROM ACROSS INDONESIA, PARTICULARLY SUMATRAN BATAKS, ALSO HAVE TRAVELED TO AREAS OF SECTARIAN STRIFE LIKE THE MALUKUS AND CENTRAL SULAWESI. KALLA NEVERTHELESS EXPRESSED OPTIMISM THAT THE "JOINT BATTALION" WOULD NEUTRALIZE SUCH INTERVENTION IN THE MALUKUS. HE NOTED THAT IN CENTRAL SULAWESI, HOWEVER, THE FIGHTING HAD RESULTED IN 100-120,000 IDPS IN THE VICINITY OF PALU, MOST OF WHOM WERE HOUSED IN MAKESHIFT CAMPS, SCHOOLS, OR WITH RELATIVES. KALLA SAID THE GOI WAS TRYING TO ASSIST THEM, AS WELL AS TO INDUCE THEM TO RETURN HOME TO AVOID CONFLICT WITH LOCAL RESIDENTS. HE ADDED THAT MUCH THE SAME WAS TRUE OF MADURESE IDPS IN CENTRAL KALIMANTAN, NOTING THE ISSUE HAD GREATLY IMPROVED WITH THE RETURN TO MADURA OF MOST OF THE IDPS, AND THE PROVINCIAL LEGISLATURE'S PROMULGATION OF LAWS REGULATING COMMUNITY RELATIONS. KALLA SQUARELY BLAMED THE MADURESE FOR THE VIOLENCE THAT HAD BEFALLEN THEM, HOWEVER, DESCRIBING THEIR CULTURE AND PROCLIVITY TO FORM GANGS (PARTICULARLY THOSE "FROM SURABAYA") AS "TOO STRONG" FOR LOCAL SENSITIVITIES.

POVERTY ALLEVIATION: A NEW TACK

19. (C) KALLA RESPONDED TO THE AMBASSADOR'S QUESTION ABOUT GOI'S POVERTY ALLEVIATION STRATEGY BY SAYING THE GOVERNMENT SHOULD FOCUS PRIMARILY ON EQUITY ISSUES. NOTING THE GOI PREVIOUSLY RELIED ON GROWTH-BASED DEVELOPMENT STRATEGIES THAT ULTIMATELY BENEFITED ONLY THE ELITES, KALLA ARGUED THE GOVERNMENT NOW NEEDED TO CREATE EQUITY THROUGH INCOME GROWTH STRATEGIES:

--THIS, HE EXPLAINED, COULD BE ACHIEVED AT THE "MICRO" LEVEL

BY DEVELOPING SMALL ENTERPRISES, AGRICULTURE, AND SOCIAL WELFARE AND HEALTH SERVICES.

--AT THE "MACRO" LEVEL, KALLA SAID, EXISTING INVESTMENT (NO NEW INVESTMENT WOULD BE NEEDED) COULD BE BETTER CHanneLED TO BENEFIT THE PEOPLE BY TARGETING SECTORS THAT WOULD SPUR DEVELOPMENT OF INDONESIA'S DOMESTIC MARKET, AND TAKE ADVANTAGE OF THE PUBLIC'S INCREASED PURCHASING POWER.

¶10. (C) KALLA SAID THAT FOREIGN INVESTMENT SHOULD BE DEVOTED TO PRIVATIZING EXISTING ENTERPRISES, RATHER THAN THE ESTABLISHMENT OF NEW ONES. HE NOTED THAT THE LAST THING THE COUNTRY NEEDED WAS ANOTHER FIVE-STAR HOTEL. WHILE CONCEDING THE AMBASSADOR'S POINT THAT THE SEMEN GRESIK SALE HAD RUN INTO OPPOSITION FROM LOCAL INTERESTS, KALLA NOTED THAT SEVERAL OTHER IBRA-MANAGED ENTERPRISES WERE PRIMED FOR SALE, INCLUDING BANK CENTRAL ASIA (BCA) AND INDO-TV. THE MINISTER ACKNOWLEDGED THE AMBASSADOR'S VIEW THAT THE GOI MUST SELL AT LEAST ONE SUCH ASSET TO BOOST INTERNATIONAL INVESTOR CONFIDENCE.

INDONESIANS LOVE AN UNDERDOG

¶11. (C) KALLA ENDED THE MEETING BY ASKING THE AMBASSADOR TO UNDERSTAND THE INDONESIAN PUBLIC'S HOSTILITY TO US-LED MILITARY OPERATIONS IN AFGHANISTAN. THE MINISTER CONTENTED THAT MOST INDONESIANS DO NOT CONNECT THE US CAMPAIGN WITH THE SEPTEMBER 11 ATTACKS IN THE UNITED STATES. HE NOTED HE OFTEN HAS RESPONDED TO PUBLIC QUERIES ABOUT HIS VIEWS ON "US AGGRESSION" IN AFGHANISTAN BY COUNTERING THAT THE ISSUE IS, MORE ACCURATELY, THE "US RESPONSE TO THE WTC ATTACK." KALLA ASSURED THE AMBASSADOR THAT INDONESIAN PUBLIC'S POSITION ON THE ISSUE ONLY REFLECTS ITS TENDENCY TO SIDE WITH THE UNDERDOG.

¶12. (C) THE MINISTER ALSO USED THE DISCUSSION TO HIGHLIGHT HIS PERSONAL PARTICIPATION IN DELIVERING GOI HUMANITARIAN ASSISTANCE TO AFGHANISTAN. KALLA NOTED HE HAD ACCOMPANIED AN AID CONSIGNMENT VIA C-130 TO PAKISTAN ON NOVEMBER 1, AND HAD MET WITH PRESIDENT PERVEZ MUSHARRAF. THE PAKISTANI LEADER HAD SAID THAT THE TALIBAN HAD SET ISLAM BACK 500 YEARS, ACCORDING TO KALLA, WHO ADDED THAT HE SHARED MUSHARRAF'S OBSERVATION WITH THE INDONESIAN PUBLIC AT A SEMINAR FOLLOWING HIS RETURN HOME.

COMMENT: SOME CAUSES FOR CONCERN

¶13. (C) KALLA'S APPEAL THAT WE RECOGNIZE THE BASIS AND LIMITED EXTENT OF INDONESIAN PUBLIC ANTIPATHY FOR THE US-LED MILITARY CAMPAIGN IN AFGHANISTAN ECHOES A NOW-FAMILIAR REFRAIN BY SENIOR GOI OFFICIALS, WHO ARE KEEN TO ASSURE OF US THE GOI'S FUNDAMENTAL SUPPORT FOR THE WAR ON TERRORISM. HOWEVER, MANY OF KALLA'S OTHER COMMENTS AND OMISSIONS RAISE CONCERNS ABOUT THE DIRECTION OF GOI POLICY. WE NOTE THAT, WHILE HE EXPRESSES PROFOUND CONFIDENCE THAT JAKARTA CAN LEGISLATE AWAY SEPARATIST THREATS IN ACEH AND ELSEWHERE, KALLA JOINS OTHER GOI OFFICIALS IN FAILING TO APPRECIATE THE NEED TO ACCOUNT ALSO FOR TNI AND POLICE ABUSES AGAINST CITIZENS IN THE OUTER PROVINCES. THE MINISTER SIMILARLY JOINED MANY OF HIS COLLEAGUES IN FAILING TO ACKNOWLEDGE THE NEED TO DECISIVELY REIN IN PARAMILITARY RELIGIOUS MILITANTS LIKE LASKAR JIHAD, WHICH ALSO POSE AN IMMEDIATE THREAT TO INDONESIA'S STABILITY. INDEED, KALLA'S DEFENSIVE RESPONSE CITING EXTERNAL CHRISTIAN INTERVENTION IN AREAS ROCKED BY SECTARIAN VIOLENCE, WHILE DOWNPLAYING THE LASKAR JIHAD'S PROMINENT ROLE, SUGGESTS A SUBJECTIVE POSITION ON THE ISSUE. THE MINISTER'S READINESS TO TAKE SIDES IS SHOWCASED ELSEWHERE BY HIS QUICKNESS TO BLAME THE (MADURESE) VICTIMS OF COMMUNAL VIOLENCE IN KALIMANTAN.

¶14. (C) COMMENT CONTINUED: SIMILARLY, NOTHING ABOUT KALLA'S APPROACH TO POVERTY ALLEVIATION STRIKES US AS HOPEFUL. INDONESIA NEEDS NEW INVESTMENT TO CREATE JOBS. PEOPLE WITH JOBS CAN CLIMB OUT OF POVERTY. THE REASON THAT THE GROWTH-LED DEVELOPMENT BENEFITED THE ELITE IN THE PAST WAS DUE TO GOVERNMENT-DIRECTED POLICIES. SOEHARTO FREQUENTLY

SPOKE OF THE NEED TO SUPPORT COOPERATIVES AND SMALL AND
MEDIUM BUSINESS. KALLA'S ATTEMPTS TO DIRECT FUNDS TO THE
SAME ENDS ARE LIKELY TO ACHIEVE THE SAME RESULTS.

BOYCE